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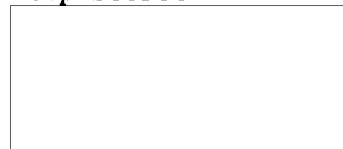
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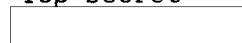
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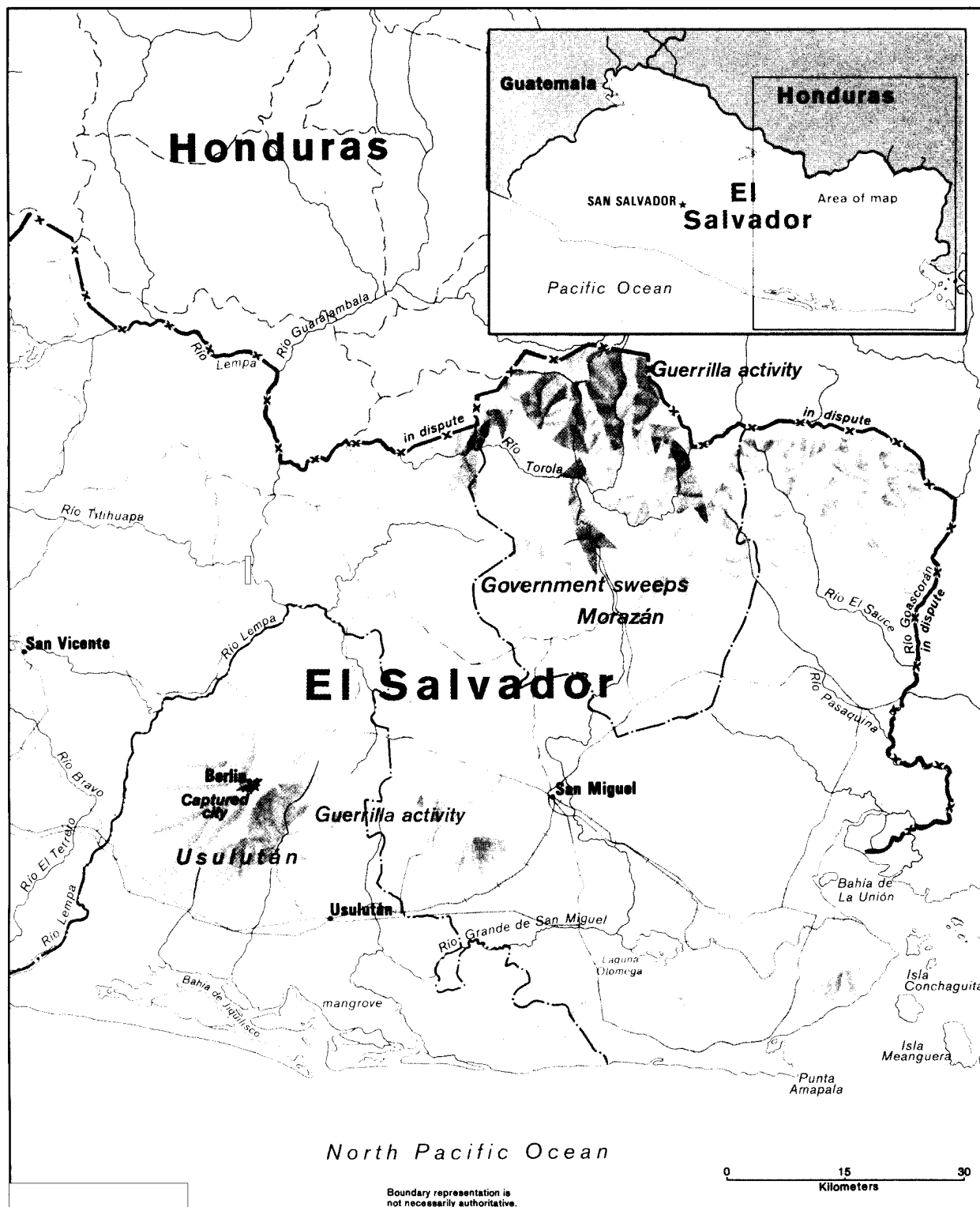
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EL SALVADOR: Guerrillas Widen Offensive

The Army is continuing to push its campaign in the northeast, but the guerrillas have scored new successes in Usulután.

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Government forces are slowly tightening their encirclement of insurgents in northeast Morazan Department. The Army claims its casualties so far total 125, including 21 dead, against 72 guerrillas killed and 14 wounded.

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Heavy fighting also is under way in Usulután Department, where the guerrillas have claimed they will "liberate" more territory. The recent attack on the city of Usulután was diversionary and the guerrillas instead seized the large town of Berlin. They also have attacked other towns in the area, interdicted major roads, and ambushed government relief forces.

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Comment: The insurgents' successes in Usulután, along with their strong defense in Morazan and their harassment raids elsewhere, suggest they have augmented their regular forces with armed militia supporters. This has enabled them to intensify their operations throughout the country and has aided their propaganda claims that the tide is turning in their favor.

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SURINAME: Bouterse's Next Moves

Army Commander Bouterse is moving ahead to form a new civilian government and secure support from other countries in the region.

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On Monday Bouterse named Errol Alibux, a member of the Progressive Workers' and Farmers' Union, to form the new civilian cabinet. This move followed a weeklong survey by Henk Herrenberg, a close adviser to Bouterse, of views among the public on a new government. Herrenberg concluded the people want the military to remain in power,

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Last week Bouterse sent Herrenberg to the Netherlands to cultivate support among Surinamese exiles and to gauge Dutch intentions toward Suriname. He hinted to the Dutch Foreign Minister that the new cabinet might consist of seven civilians and two military and that the judiciary and some radio stations would soon be allowed to function again.

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Naarendorp is scheduled to lead a delegation to Brazil to explain Suriname's political situation and discuss bilateral relations. He also hopes to visit Argentina, Mexico, and Panama.

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Comment: The new civilian government probably will be dominated by members of Alibux's party, a small nationalist group that advocates socialist policies. Its rival, the pro-Cuban Revolutionary People's Party, also provides advisers to Bouterse.

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Bouterse wants to encourage a sense of normalcy and end his government's international isolation, and he is unlikely at this point to execute Deputy Army Commander Horb and the 14 other alleged conspirators arrested on Sunday. Herrenberg's remarks about the reactivation of the judiciary suggest the detainees may be brought to trial.

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SOUTHERN AFRICA: Threat to Food Supplies

Western donors may be asked to supply substantially increased emergency food relief this year to southern African states as drought throughout the region threatens to curtail food exports from Zimbabwe and South Africa. [redacted]

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A second successive year of drought is reducing Zimbabwe's projected output of foodgrains and is forcing emergency slaughter of livestock. Market deliveries of corn, the region's principal staple and an important Zimbabwean export, will fall by 50 percent in 1983. According to US Embassy reporting, corn stocks will fall to the level of annual domestic consumption and little if any will be available for export to Tanzania, Mozambique, and Zaire. [redacted]

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Drought also has intensified in South Africa, the world's fifth-largest corn exporter. Last month officials in Pretoria discussed a suspension of corn exports but delayed a decision until more precise crop estimates are available. Botswana and Zambia--traditional purchasers of South African corn and major recipients of international food aid--are plagued by the same drought conditions. [redacted]

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Comment: The drought is adding to the dismal outlook this year for Zimbabwe's economy, already beset by fuel shortages, declining mineral exports, and a slump in manufacturing. The drought's greater intensity in Matabeleland, the home of Zimbabwe's disaffected Ndebele tribal minority, also will compound Harare's difficulties in maintaining internal security. [redacted]

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Pretoria may be tempted to try using South Africa's limited food surplus as leverage to gain political concessions from its black neighbors. The neighboring states, however, probably will prefer to turn to the West for additional food assistance. [redacted]

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EGYPT-ETHIOPIA-SOMALIA: Mediation Offer

Egypt has approached Ethiopia about mediating the conflict in the Ogaden, according to the Egyptian Ambassador in Addis Ababa. The proposal calls for a ceasefire and military disengagement, to be followed by a negotiated territorial settlement guaranteed by Egypt and Sudan, and perhaps by the US and Italy as well. Ethiopia termed the initiative "very interesting" but repeated its demand that Egypt stop supplying arms to Somalia. Addis Ababa has long insisted that Mogadishu first recognize Ethiopian sovereignty over the Ogaden and accept other preconditions before any negotiations.

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Comment: Ethiopia evidently does not expect much to come of the Egyptian offer but has not rejected it. The Egyptians would like the dispute over the Ogaden settled in order to diminish Ethiopia's dependence on the USSR. They believe this would help reduce threats to moderate states in the region. Cairo, however, is unlikely to end its limited military assistance to Somalia.

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NORTH KOREA: Reaction to Military Exercise

North Korea's protest concerning the annual US - South Korean joint military exercise--Team Spirit 83-- that began yesterday is stronger than in recent years. P'yongyang announced it was placing all military units on a "semi - state of war" alert until the exercise ends in mid-April.

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Comment:

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This is the first time, however, that P'yongyang has announced a military alert. Rhetoric in the party newspaper about the exercise also is harsher than in previous years. Although P'yongyang's statements thus far have been less authoritative than in 1982, high-level criticism is likely in the coming weeks.

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YUGOSLAVIA: Next President

Croat authorities yesterday nominated 66-year-old Mika Spiljak to replace the late Vladimir Bakaric as Croatia's representative on the collective state presidency. Spiljak has been a party member since 1938 and fought with Tito's partisans in World War II. When formally elected, he will serve the remainder of Bakaric's term as Vice President and, under Yugoslavia's complex system, become the country's next president in May. [REDACTED]

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Comment: Spiljak's selection suggests moderates have won one battle in the struggle against more nationalistic and anticlerical rivals. Spiljak probably will be reelected to a full five-year term in 1984. The Central Committee of the Croat party may choose Bakaric's successor on the federal party presidium when it meets on 11 February. [REDACTED]

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Special Analysis

UK: Preparing for an Election

Prime Minister Thatcher, after making some cabinet changes early last month, apparently has the team she intends to lead into the next general election. Her selection of Michael Heseltine as Defense Secretary indicates that she expects defense issues to be especially prominent in the campaign and that the Conservatives want to use such issues to their advantage. The major question for the Prime Minister now is when to call the election.

[redacted]

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Labor leader Michael Foot says nuclear weapons and unemployment will be the issues the opposition will emphasize. Even moderates like shadow Foreign Secretary Healey and Social Democratic foreign affairs spokesman Owen believe the government is vulnerable on the nuclear issue. The Tories agree the issue of nuclear disarmament is becoming important to the electorate.

[redacted]

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The Campaign for Nuclear Disarmament's demonstrations at the INF site of Greenham Common have had considerable impact. Moreover, doubts about the morality and utility of a defense strategy based on nuclear weapons expressed by clergymen and retired military officers have given unilateralism a greater respectability than in the past.

[redacted]

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A growing skepticism about US policy, Washington's sincerity in arms control talks, and a lingering belief that the US offered only grudging support during the war with Argentina also have contributed to increased doubts about INF. There has always been sizable opposition in the UK to INF, but 61 percent opposed, as shown in a recent survey, is the highest to date.

[redacted]

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Thatcher's choice of Heseltine demonstrates the importance she attaches to nuclear weapons as an election issue and also may reflect concern that she is losing the battle for public opinion. Thatcher probably regards Heseltine's ability as a speaker as his most timely attribute. His job will be to remind voters of the dangers

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of disarmament while reassuring them no effort will be spared to reach an equitable arms control agreement.

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Playing on Tory Ground

Thatcher probably is not altogether displeased that foreign and defense policies loom as election issues. Polls continue to show strong support for defense in general and for a national nuclear deterrent, although Trident is widely regarded as too expensive. In a poll taken late last year, 66 percent favored maintaining or strengthening British nuclear forces.

[redacted]

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Many in the opposition make no distinctions among nuclear weapons. The Tories are likely to play on fears that a vote against them is a vote to make the UK "defenseless" and that this would hurt prospects for arms control by removing incentives for the USSR to negotiate.

[redacted]

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The Tories also are likely to ask the voters whether they would feel comfortable if the US and France were the only Allied nations with nuclear weapons. Labor may thus miscalculate if it places too much emphasis on the nuclear issue, and the Tories clearly are vulnerable on the economic and unemployment issues.

[redacted]

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The Question of Timing

Thatcher will be able to call an election at a date of her choosing. The Conservative team is in place, and the government's election agenda apparently is set.

[redacted]

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The Tories will count on the contrast between Thatcher's decisive leadership and the inept leadership Foot provides to the divided Labor Party. They will run as the party of strong national defense and on an economic platform that insists drastic measures are needed to cure the ailing economy.

[redacted]

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The Conservatives probably are writing off the areas worst hit by unemployment and are hoping recovery will come more quickly to areas of Tory strength. According to a recent press study, for example, 95 of 100 constituencies with the highest unemployment rate are held by Labor. Only eight of the 100 are in "Tory country" in the south and southeast.

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Party poll ratings and economic indices will play the major role in Thatcher's decision on when to schedule the election. The economy probably will not change significantly over the next 14 months. [redacted] 25X1

The British Treasury yesterday announced a substantial trimming of public spending, setting the stage for politically attractive tax cuts Thatcher could announce in her budget statement next month. [redacted] 25X1

Most projections indicate that inflation will stabilize at around 6 percent but that unemployment will continue to rise slowly. The balance of trade also is likely to become worse in 1983-84, with subsequent pressure on the pound. Thatcher will thus have to face the voters with a dismal economic prospect. [redacted] 25X1

Three Possibilities

Since the end of the war, many Tories have urged Thatcher to call an election as soon as possible to take advantage of her increased prestige. Although Thatcher late last year reportedly told her cabinet that there would be no election this spring, she may be reconsidering. The Tories are now ahead by 8 points in opinion polls, but this lead probably will slip. [redacted] 25X1

The government hopes to keep inflation to single figures but is becoming apprehensive that the fall in the pound's value could bring on another period of high inflation. To prevent any undermining of the government's major economic accomplishment, interest rates have been raised twice in recent weeks. This concerns Tory members of Parliament, who hope for an increase in economic growth. [redacted] 25X1

The decisive consideration may be the status of a redistricting of Parliament that observers believe will benefit the Conservatives by up to 30 seats. If it is completed by June, Thatcher could reverse her position and gamble on calling an election one year early. [redacted] 25X1

Most Tories appear psychologically attuned to an election in the fall, when reapportionment almost certainly will be completed. On the other hand, this would

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give the Labor and the Social Democratic - Liberal Alliance more time to settle their internal problems and present a more credible front. The fall also is close to the date of INF deployment at Greenham Common, something Tory politicians will hesitate to remind voters about.

[redacted]

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Nonetheless, October remains the most likely time for the general election. By then, any tax relief included in the budget will have had some effect. Moreover, unemployment promises to be somewhat higher by 1984.

[redacted]

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Most Tories do not want to wait for an election until the current Parliament runs its legal course in May 1984, although the Prime Minister favors the delay. She has often said that she requires two full Parliamentary terms to achieve her domestic policy objectives.

[redacted]

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The risks involved in waiting for the last minute cause most Tories to argue against such a course. Thatcher's convictions and self-confidence, however, make delaying an election until next year a distinct possibility.

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